

Minutes of Nevada Department of Transportation
Board of Director's Meeting
November 14, 2013

Governor Brian Sandoval
Lt. Governor Brian Krolicki
Attorney General Catherine Cortez Masto
Controller Kim Wallin
Frank Martin
Len Savage
Tom Fransway
Rudy Malfabon
Bill Hoffman
Dennis Gallagher

- Sandoval: ...Nevada Department of Transportation Board of Director's meeting to order. All members are present. We'll start with Agenda Item No. 1, Receive Director's Report. Director Malfabon, good morning.
- Malfabon: Good morning, Governor and Board members. To start out with a bit of good news. We have our new pilot started. The downside is he's got to go to a lot of training over the next couple months. He's going to start training on the Commander first. Should be able to fly in a couple weeks, but the Citation training is going to be scheduled in December for two weeks of training before he can fly the jet. But it's good to be operational again, or at least soon, with our flight operations, decreasing some of our expenses in flying to Las Vegas for business that we do. Governor, last month we had our awards, but unfortunately, we didn't have the awards in front of us, but we did get them subsequently, so I wanted to have the opportunity to have some of the NDOT staff involved in some of those projects to have a photo op with the Board. First of all was the American Society of Civil Engineers award for the environmental project on State Route 431, Erosion Control. I believe Tyler Thew and Matt Nussbaumer might be in the audience. So Tyler and Matt, if you could come up for a photo op. Next we had award for the ITS Project of the Year. This one was the -- we had two for ITS project, Governor. The I-15 Design-Build Project was one of the projects that put a lot of fiber optic down in the Stateline and we had the -- we're proud of Tony Lorenzi here for being the front manager. Definitely others that were involved. We're going to kind of take the two ITS projects at the same time and we had the ITS Project of the Year for Statewide Video Distribution System, Video-to-Public and Video-to-Web. And if

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KimMunoz, Phil Priewe-- I mess this name up. And Mark Colley could come up and I'll do these both. These are both from ITS Nevada.

Okay. Continuing on with the Director's Report. This is kind of the off-quarterly update on Project NEON. We did mention, at the last meeting, that we had three teams. One team pulled out on the prequalification process that we had. We are very close with an agreement with the City of Las Vegas on them giving the Department funding so that we can build some of the infrastructure that's the City's responsibility on phase two of Project NEON. We expect that that will go in December to their City Council for approval for that agreement.

We've also completed the briefings to the IFC members. We've been doing additional briefings for some of the key members of the IFC regarding the \$100 million bond request. And we anticipate going to the IFC in December. It's the same date as the Board meeting, the Transportation Board meeting, so I will be conducting the Transportation Board meeting from Las Vegas so I can go testify in person at the IFC meeting, which will be held in Las Vegas.

We also met with the LCV staff and they had some questions about the bond request and we responded to those questions or are in the process of responding with additional information. But it was useful for us to understand what -- and anticipate what questions that the IFC members might be having for us in December when we do the official bond request. The process that we'll use, Governor and Board members, is to go to the IFC, get bonding authority first, and then the Transportation Board request will also be on the same date in December, since it's the same date as the IFC meeting, and then eventually to the Board of Finance.

Tony Lorenzi, our project manager at Boulder City Bypass, is here today and he was one of the award winners on the ITS project. He'll give quarterly updates on Boulder City Bypass, but this is one of those meetings where I'll just update the Board. But we are going through some discussion about lifecycle cost analysis, and this is a process to look at what paving type to put on that project, the phase one project. Currently it was being designed as asphalt pavement. We're considering concrete pavement, as well.

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We also executed an agreement with the RTC of Southern Nevada for the fuel tax indexing revenue that Clark County will get over the next three years, they are giving us \$31 million for our phase one project. Now, because phase one includes a portion of the interchange with U.S. 95, the road to Searchlight, we're going to actually enter -- in this agreement we take some of that money that they give us and put it towards their construction project, which will build our portion of that interchange. So it is a little bit complicated, but it is notable to say that we appreciate the \$31 million that the RTC of Southern Nevada is giving to the state out of that fuel tax indexing revenue and we are working well together with our project manager and their team on that project. And I wanted to also give thanks to John Terry, our Assistant Director for Engineering, in working out the details of the agreement with the RTC.

Governor, one of the items that we had previously that we anticipated bringing back today, but will be on December's Agenda, is the DBE goal, disadvantaged business enterprise goal, for the next three years. It's under legal review by the Federal Highway Administration. It's outside of the division office. It's in their regional office in San Francisco, where their legal staff are, and we'll bring that to the Board for approval in December.

One of the discussions that we've had with the legal side of FHWA is having a goal that is able to withstand any kind of challenge in court, so it has a solid basis based on the statistics that we saw in our disparity study. When we did the Board presentation previously we had a goal recommended of 7½ percent. After discussions with the FHWA, we believe that that goal is going to have to be a little bit lower because of -- the method that we used in coming up with the 7½ percent was basically an average of our baseline, 4½ percent, and the previous goal of approximately 10½, so we tried to get in the middle of that. But the legal staff from FHWA counseled us and said that that's probably not as defensible; that we have to have more solidly based on statistics, so we anticipate that the goal will be slightly less than that 7½, so probably in the 6 percent range. So it'll be established shortly and we'll bring that back. We did have the public meetings and we discussed that issue with the public. And so we anticipate that in December Board meeting that it will be presented and approved.

Had the opportunity, also, to attend the meeting of all the state DOTs in Denver recently, AASHTO. Talked a lot about the implementation of the

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MAP-21 and performance measures; adopted resolutions supporting the idea of managing by performance, but not having any kind of penalties to states that maybe are achieving that performance, but not by the measure that the federal government might apply to all states. Also a lot of discussion, as MAP-21 expires next year, to give direction to the AASHTO staff and to Congress on reauthorization of MAP-21, which expires September 30th of 2014.

An update on the VMT, vehicle miles traveled study; we're proceeding with that study, trying to accelerate it to identify what kind of legislation draft or BDRs might have to come about for a similar study to what Oregon is doing. They took volunteers to actually collect the tax. Not just do it as a test, but actually collect the fuel tax in that manner, using a vehicle miles traveled basis. So we'll be proceeding with that study. We are joining the Oregon consortium of western states that are interested in following what they're doing on that VMT study and their enactment of that volunteer group of, I believe, 5,000 drivers that are opted into that method of fuel tax collection.

As far as the EPA audit on stormwater, we issued the task order for public outreach and identifying our stakeholders, getting with stakeholders, other permit holders on this stormwater permits that are issued by NDEP. In looking at what -- with some of the areas of high profile for stormwater, Clear Creek area in Lake Tahoe up here in northern Nevada, but this is one of the first steps in developing a plan specific to the Department of Transportation. We've also been doing the hiring that we need to in the district so that we can have staff out there that are watching and documenting the actions that we're taking to comply with the EPA rules in the Clean Water Act. We also are keeping the EPA apprised of our actions, Governor and Board members.

In the news lately we -- I did a letter to the editor on this issue of equity and I think that you see a lot of news stories right now trying to drive a wedge between the north and the south. I think it's important for the Department to have a voice in that discussion, and as you see, when we get to the approval of the annual work program and the STIP, there's a lot of projects in Southern Nevada that NDOT is committed to delivering in the next few years. We recognize that we have a statewide responsibility, but we feel that we have to address this equity issue and provide the facts in a

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transparent manner, so that people have the facts. We see a lot of numbers in these editorials and letters to the editor that are kind of getting people confused with the facts of the matter. So it will continue to be an issue and one that we will stay on top of and respond to periodically.

We will have to do more to -- in discussions with the RTC of Southern Nevada, they would like us to have a better process for reporting how much money is spent on transportation projects in southern Nevada. We believe that to be as transparent as possible is the best that we can do, and we do have a public process in development of our work programs and our projects that go through the RTC, if they're federally funded. But we can see where there can be some improvements to be more transparent on recognizing that the local dollars there are significant. We've received local money in support of NDOT projects in southern Nevada, but we put a lot of federal and state funds to those projects, as well.

And that pretty much concludes the Director's Report.

Sandoval: Thank you, Director. I'd like to circle back to the VMT, because that policy decision or the decision to move forward with these studies and participating with other states, I would feel more comfortable that being a Board decision versus an executive decision, or at least having more discussion about that here. Because what I think I heard you say is that we are working together with Oregon and a group of other states and they are doing a volunteer program where drivers can opt-in or opt-out.

Malfabon: Yes.

Sandoval: I'm not sure I want to go that far with it, because it sounds like we are making a committed -- or suggesting that we're committed to a policy decision there, when I think I'd like to have a little more discussion at a Board level.

Malfabon: What it is, Governor, is just staying apprised of what they're doing. So Oregon has offered to other states to come visit their state to see how they're moving forward. It doesn't mean that Nevada has to enact any kind of policy change. It just really is staying on top of what Oregon is doing as an example.

Sandoval: But it sounded like we were joining a consortium and I'm not sure I'm personally ready to join a consortium on that where they are -- and I don't

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want to speak for the rest of the Board members, but at least me, you know, my position is I'd like to get a little bit more background on that.

Malfabon: I'll bring that forward to...

Sandoval: I don't know if there's anybody else with some comment.

Malfabon: ...at the next Board meeting on what it means to be part of that consortium. But, as I said, it's more of a staying informed of what they're doing. Oregon, being kind of the leader in the area of vehicle miles traveled as a replacement of the per gallon fuel tax, has offered to other states -- primarily western states -- to come and visit them and try to find out what they're doing as an example.

Sandoval: But when you say...

Malfabon: But we will bring that back to the Board as far as joining the consortium next month.

Sandoval: Okay. And when you say a leader, aren't they an army of one?

Malfabon: They're the -- yes, Governor, they're only doing, basically, a test with 5,000 volunteers to collect the fuel tax in a different manner. They are the only state that's doing that. Several other states are -- about 18 states are studying -- similar to Nevada, studying the idea of a vehicle miles traveled fee in lieu of a gas tax per gallon.

Krolicki: And, Governor, if I might also. Information is a wonderful thing and I fully support learning much about this and good for the folks in Oregon for doing this. But I'm not sure why we need to enter into some kind of agreement, and I think that's a term that you used, to learn about their successes or lack of successes as they move this forward. So if there's an executed document or something that you have to be participating in the receipt of information, I do think that the Governor is spot-on to learn more about that, because I think it could be misconstrued. I just want to understand what NDOT is committing to and if it's really receiving data, I'm not sure why we need to have such a formal process to do so. But if you could come back with that before we execute any kind of agreement, I think that would be preferable and wise.

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Malfabon: And we'll have that on the December Agenda, Governor and Board members.

Sandoval: All right. Any other questions or comments for the Director with regard to the report?

Martin: I had one, sir.

Sandoval: Yeah.

Martin: Rudy, you mentioned that one out of three people had dropped out of the Project NEON and in talking to Tracy she thinks that's one out of four and we're down to three finals?

Malfabon: Yes, Member Martin, I mentioned that three were prequalified and one had dropped out. That gave the impression that one out of the three. But, actually, it was four that put in and one of the four dropped out before we finished the prequalification process.

Martin: Okay. So who does that leave us with then?

Malfabon: That leaves us with -- well, the names of the consortiums are...

Unidentified Male: Widely varied.

Malfabon: Primarily, the -- I might need some help on this. I don't know the actual names, but basically it's -- the original team that submitted the unsolicited proposal, which was Granite with Dragados, and then the others are Kiewit with, I believe --

Unidentified Male: (Inaudible).

Malfabon: Yes. Is -- okay. And then the third one was the Las Vegas Paving team. So I know them by the names of the contractors, but not the financial partners that are kind of bringing the money to the table.

Martin: That's fine, sir. So we have Kiewit, Granite, Las Vegas Paving still in the game?

Malfabon: Correct.

Sandoval: Correct.

Martin: Okay.

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- Wallin: Okay. Governor, I have a question; I guess a follow up. Rudy, can you please get those right away, schedules, to the Board. It's been a year now since I've been asking for that information. And I'd to do a (inaudible) request as a Board member, so I'd really appreciate getting them before the next Board meeting.
- Malfabon: Madam Controller, I think that -- I did see an e-mail, but I think it might be best to just have a hardcopy delivered. Maybe due to the size it got kicked back and we didn't see that. But I did see some information from the project manager, Cole Mortensen, that I was cc'd on that had a list. It might not be the information that you had requested specifically, but we will check, specifically, what was provided and if it met your request.
- Wallin: Okay. Thank you.
- Sandoval: Any other questions or comments? We'll move on to Agenda Item No. 2, Public Comment. Is there any member of the public here in Carson City that would like to provide comment to the Board? We see none. Anyone present in Las Vegas that would like to provide comment to the Board.
- Martin: No, sir.
- Sandoval: We'll move on to Agenda Item No. 3, October 14, 2013, Board of Directors Meeting Minutes. Have the members had an opportunity to review the minutes and are there any changes?
- Krolicki: Governor, if I might. It's all kind of blurring to me, but I think I was present for that meeting. So if you could just add my presence to that. And, also, every time I say "you know" in the verbatim transcript, would you remove that, please? And that would be all.
- Malfabon: We'll make those changes, Governor.
- Sandoval: Okay. Member Savage.
- Savage: Thank you, Governor. On Page 76, it had noted that I had made a comment regarding the FSP and I had to leave early that day. So that was not myself and I had not had a chance to review the hourly fee with Rick and Denise. They've been very helpful in the past and I know it's water under the bridge at this point, but I would like to reconvene at some time and go over that

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\$98 versus the \$60. A little disappointment on my behalf, but I'm sure we can discuss it. Thank you.

Sandoval: So, Member Savage, that shouldn't be you saying yes, was that...

Savage: That was not me. That was not me.

Sandoval: I think that should say the Director.

Malfabon: Yeah, I think that I was the one that said yes. We'll make that change.

Savage: Thank you. Thank you, Governor.

Sandoval: Any other comments or changes to the proposed minutes? If there are none the Chair will accept a motion for approval to include the addition of the Lieutenant Governor and the members present, as well as the deletion of the reference to Member Savage and the insertion of the Director at Page 76.

Cortez Masto: So moved.

Sandoval: Attorney General has moved for approval. Is there a second?

Fransway: Second.

Sandoval: Second by Member Fransway. Any questions or comments? All in favor say aye.

Group: Aye.

Sandoval: Opposed no? Motion passes unanimously. Agenda Item -- well, we go 1, 2, 3, 5.

Malfabon: Yes, I think that we pulled Agenda Item 4 before the Agenda was finalized and didn't renumber.

Sandoval: All right. So we'll move on to Agenda Item 5, Approval of Contracts over \$5 million.

Nellis: Good morning.

Malfabon: Governor, Robert Nellis will present this item.

Nellis: Good morning, Governor, members of the Board. Agenda Item No. 5 can be found on Page 3 of 12, under Attachment A. This is for a pavement

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rehabilitation project. The Director -- I'm sorry, the Road and Highway Builders, LLC, Director (inaudible) awarding the contract to Road and Highway Builders, I'm sorry, for \$19,656,656. Are there any questions from the Board?

Sandoval: Questions from Board members on this Agenda? And that completes that item, correct?

Nellis: Correct. Yes, sir.

Sandoval: All right. If there are no questions the Chair will accept a motion for approval of the contractor for \$5 million as described in Agenda Item No. 5, with Road and Highway Builders, LLC, in the amount of \$19,656,656.

Martin: So moved, sir.

Krolicki: Second.

Sandoval: Motion by Member Martin. Second by Lieutenant Governor. Any questions or discussion? All in favor say aye.

Group: Aye.

Sandoval: Opposed no? Motion passes unanimously. We'll move on to Agenda Item 6, Approval of Agreements over \$300,000.

Nellis: Thank you, Governor. The agreements begin on Page 3 of 27, under Attachment A. Items No. 1 and 2 are together, and Items No. 3, 4, and 5 are also together. Items 1 and 2 are biological/environmental consulting agreements. It's a 50/50 split, each in the amount of \$1 million. This is for biological oversight and threatened and endangered species compliance of construction contracts in Clark, Nye, and Lincoln counties.

Sandoval: What is biological oversight?

Malfabon: Governor, that has to do with the compliance with the -- watching out for desert tortoises that might be on our projects. It's very specific that a certified biologist has to be out there to handle the tortoise, because they're a threatened species under the Environmental Protection Act. So we have to hire a biologist, basically to look at the area that the project is going to be affecting and look for tortoise burrows. Make sure that the tortoises are removed from the habitat and relocated so that they're not disturbed by

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construction equipment or killed by construction activities. So we have to have a certified biologist to do that.

Sandoval: And that's a million dollars a year?

Malfabon: Basically this is for -- the term of the contract is for two years...

Sandoval: Right.

Malfabon: ...but it is for what we use, so we pay for the hours that we have to use the biologist.

Sandoval: I mentioned -- I think I -- there are two contracts for the same thing, each of which is a million dollars over two years, so it'd be half a million dollars apiece?

Malfabon: Yes. And the actual amount that's paid is based on calling out the tortoise biologist to clear the area. Usually it only is once a construction season. In Las Vegas they usually just do it once and the construction takes place and they don't have to call them back, typically. But they do have to also check out any aggregate sources. Any gravel pits that we are using, too, because tortoises can get into those areas.

Sandoval: No, I don't dispute that that work has to be done, but it just seems like an awful lot of money for an occasional review.

Malfabon: Well, it is one of the things -- I don't know if Jeff Shapiro has any -- the chief construction engineer has any more comment on that.

Shapiro: Governor, Jeff Shapiro, Chief Construction Engineer, for the record. We have seven projects down in Clark County that we need coverage on with the authorized biologist. In the past we've had the -- this is an enforcement function. In the past we've made this part of the contractor's bid, so they've always been out there. There's federal regulations involved here with the Fish and Wildlife, and also with FHWA. With the biologist it's pretty easy to spend about \$300,000 a project to monitor these activities. They have to clear the site, as the Director said. There's daily reporting requirements that they have to do. They have to check the tortoise fence at least twice a week. That's what we've done in the past on contracts.

So we'll be performing that function in-house now under the direct supervision of the resident engineer. These biologists will work for our

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resident engineer, so they will be directing the traffic, so to speak, on what they do. But the first job we're letting out is the -- well, it's the job that the Board approved last month, the I-15 Dry Lakes Project. That's a 25-mile project, \$35 million. One biologist on that job, full time, for 300 working days is \$150,000 by itself, and there's no way, in our past, in our experience, that one biologist can do that, a job that long. So we did set these contracts up, hopefully, to get at least two projects out of each firm at roughly about \$300,000 apiece. But we will know when we get to it, because our project manager, our resident engineer will be actually directing the activities of the biologist out there.

Sandoval: Can we hire a biologist ourselves for...

Malfabon: Governor, we actually do have biologists on staff, it's just that they are not committed to be out there on a regular basis on construction projects. We are in the process of hiring a biologist in Southern Nevada for -- our maintenance activities encounter the desert tortoise, as well, so we hired them specifically for maintenance and to check the tortoise fencing that we are trying to put along our right-of-way so that tortoises don't get within the right-of-way. But as Jeff mentioned, it's just a requirement that we have to abide by in our construction projects and it is a cost which is reimbursable, typically, on these as a construction expense on our projects. But it is expensive.

Shapiro: Correct.

Sandoval: Okay. Mr. Lieutenant Governor, did you have a comment?

Krolicki: No, I do. I certainly support the -- we need to protect these very special animals, but just help me understand why it costs what it does. I mean, is there an RFP process that goes out with these folks and we -- this is the best bid. Just tell me that there's some process that we've gone through to secure these biologists.

Malfabon: I'll try to respond to that, Jeff, and then you can add to it.

Shapiro: Okay.

Malfabon: There is an RFP process, so it is considered to be professional services, so we follow the federal regulations on that. We can't just take the lowest cost, the cheapest cost, for the service. So we hire on qualifications, then we

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negotiate the contract. Typically on these contracts, by federal regulation, we have to pay the overhead for the company. For a large company to have a large overhead rate, but it's an audited rate, so there's certain items that the federal regulations allow to be in that overhead rate. And our auditors go out there, establish what the overhead rate is going to be, and then we have to pay that by federal regulation. In the past -- several years ago we used to try to cap that overhead rate, but the Federal Highway Administration informed us that that was not allowed. We can't cap it. As long as those expenses are allowed to be included in the overhead rate for a company, we have to reimburse them for that overhead rate. And that's typically what a significant portion of the cost is, is the company's overhead rate, not just the labor for that biologist.

Shapiro: But if I may, Director. Jeff Shapiro again. There was an RFP process. Eight firms did submit proposals. There was a cost component in the evaluation. Thirty percent of the final grade, per se, was based on the rates that they included in the proposal. The other 70 percent of the evaluation was technical in nature, and we picked the two top firms, B and E being number one, HDR being number two, and moved forward with, you know, the negotiations to establish -- this is a master agreement. We'll issue task orders as the work comes out. But I also know, using the force account calculations within the terms of a contractor, a biologist making \$25 an hour, with one pickup, blue book rates, will cost about \$10,000 a month. So and that's just one. So, you know, after 15 months on this first project you're already talking \$150,000. So it does add up pretty quick.

Martin: I have a question, sir.

Sandoval: Okay. Member Martin.

Martin: Actually, I have two. Jeff, I'm assuming that the reason that we decided to hire -- NDOT hire these firms directly is you felt by taking it out of the contract we were going to save money; is that the logic?

Shapiro: Yes, Member Martin, to a certain degree. It's an enforcement function. It always has been an enforcement function. You know, unfortunately giving an enforcement function to a contractor in a low-bid environment doesn't go well sometimes. And sometimes we have lots of conversations and potential claims, and we're defending claims, because we're hearing that, "Well, that's not what my bid included." Yet, we need compliance because

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we have to -- if we don't comply, then Fish and Wildlife and FHWA can shut jobs down, literally.

Martin: Yes, sir, I'm familiar with that. I've been dealing with it in my world for a long time. I was just questioning the idea that NDOT hiring and being directed by the resident engineer, and this leads into my second question, is there an opportunity for claims down the road because of poor scheduling, miscommunication between the resident engineer and the biologist and the contractor wanting to do specific operations he scheduled with the resident engineer, there's a miscommunication, and that biologist doesn't show up. And now we've got \$500,000 worth of yellow iron sitting there and \$10,000 a day worth of labor sitting there because the biologist didn't show up. And what's the liability behind that for NDOT?

Shapiro: You know, Member Martin, that's an excellent question. I would only offer that the risk is no greater than with our own staff. And it's really -- what I tell contractors, "You tell us when you want to work and it's our problem to get the people there, because you shouldn't be waiting on us." And especially in this situation; I know one of the firms has at least six biologists. If we need six biologists to keep up with the contractor, that's what we'll do.

Martin: Okay.

Shapiro: So the risk isn't greater than to our own staff monitoring these activities.

Martin: What percentage does our own -- what percentage of projects does our own staff monitor?

Shapiro: All of them, sir. We have people full time on all our projects.

Malfabon: Member Martin, this is the Director. Was that question related to staff biologists for NDOT?

Martin: Yes, absolutely.

Shapiro: Oh, well, you mean an NDOT staff biologist, Member Martin?

Martin: Yes.

Shapiro: We have -- my understanding all the biologists are located up here. They do monitor activities in Las Vegas and they do go down to Las Vegas, but

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they're not on the job on a daily basis. This is intended to provide a biologist -- as the contractors have a pass through the contracting mechanisms we used, to have a biologist on-site, on the job on a daily basis to do the daily reports, the biweekly fence inspections and also to clear the pits before they let equipment in there.

Martin: Right. I guess my concern was if it's under the terms of the prime contractor if he misschedules something, it's his problem. If we misschedule something, then it becomes our problem.

Shapiro: Not necessarily, sir, because as I advise our staff and I tell the contractors, they shouldn't be waiting on us. We should be keeping up with them.

Martin: Okay.

Malfabon: And Governor and Board members, Tony Lorenzi, our project manager on the I-15 ITS project that we had the award on, mentioned that he had an issue with the contractors -- kind of a disagreement on the tortoise biologist that they were supposed to be providing. So it reinforces what Jeff Shapiro, our chief construction engineer, was saying that we had the risk of a \$30,000 fine because of that issue. So it can be a substantial penalty if we don't comply with the regulations on dealing with the desert tortoise.

Just wanted to add that we are aware that it's a significant cost, but it's something that, by the regulations, we have to abide by and provide.

Sandoval: Member Savage, do you have a comment?

Savage: Yes, I do. Thank you, Governor. I'll make this real short. I think it's very evident that the Board is very cognizant of the amount of dollars that we're spending here. And since it is a forced account, I think it's wise the Department did choose two consultants to play both against the other to get the best value for the best price. And I think that can be looked at from the RE standpoint, the project manager's standpoint and follow that throughout the jobs, and report back to the Board after maybe a year -- these are two-year contracts. Report back to the Board as to how the race is going. Thank you, Governor.

Shapiro: We can certainly do that, Member Savage.

Sandoval: Member Fransway.

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- Fransway: Thank you, Governor. I don't have to reiterate what my fellow Board member said; I also have that concern. But I'm wondering if there is any input on this from NDOW? If they have any ability to work with these consultants or play a part in the management of the ESA when it comes to transportation projects in the state of Nevada.
- Shapiro: Member Fransway, Jeff Shapiro again. We do work with our environmental partners in the state agencies. I know there were people on the panel that helped in the selection process. It wasn't just NDOT; we did have folks from -- I'm not sure if it was NDOW or not. So they are involved in the process. I know they're working with our environmental section all the time. I do know one of the firms does have a significant history with our environmental folks; the B&E folks down in Las Vegas. I'm not quite so sure about the other one, but these are biologists that both Fish and Wildlife and everybody on that side of the fence, so to speak, the environmental side, are familiar with and experienced with, so -- doing the same thing, desert tortoise monitoring.
- Fransway: Okay. I do believe that they have a serious interest in this issue, as well, so, thank you.
- Shapiro: Mm-hmm.
- Fransway: Thank you, Governor.
- Sandoval: You're welcome. Any other questions or comments with regard to Agenda Item No. 6? Any from Southern Nevada?
- Martin: No, sir.
- Sandoval: If there are no further questions, the Chair will accept a motion for approval of agreements over \$300,000, as described in Agenda Item No. 6.
- Cortez Masto: So moved.
- Sandoval: Okay. The Attorney General has moved for approval. Is there a second?
- Wallin: Second.
- Sandoval: Second by Madam Controller. Any questions or comments on the motion? All in favor say aye.
- Group: Aye.

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- Sandoval: Opposed no? Motion passes unanimously. We'll move on to Agenda Item 7, Contracts, Agreements, and Settlements.
- Malfabon: Thank you, Governor. These are informational items. There are three contracts under Attachment A, starting on Page 4 of 12, for the Board's information. Item No. 1, the project is a signal modification on multiple intersections in Clark County. The Director awarded this contract to TransCore in the amount of \$870,935.40. Item No. 2, this project is an emergency reconstruction of a washed out portion with hydraulic improvements on State Route 164. The Director awarded this contract to Aggregate Industries in the amount of \$540,000. Were there any questions on those two items before I move on? Okay.
- And finally, sir, the last item; the project is Mount Charleston Maintenance Station energy conservation upgrades. The Director awarded this contract to Construction Services Unlimited, in the amount of \$426,225.
- Sandoval: Board members, any questions with regard to Agenda Item 7? It is an informational item, so we won't be accepting a motion. We'll move on to Agenda Item No. 8. Thank you very much.
- Malfabon: Governor, there's Attachment B under Agenda Item No. 7.
- Sandoval: Oh, yeah, I skipped over that, sorry, in my rush.
- Malfabon: This starts on Page 6 of 16. Board members, there are 65 agreements for your information. I'd just note, starting on the top of Page 9 for you, Item No. 47, Kimley-Horn & Associates. This is an item we discussed in the last Board meeting. We reduced the agreement term from four years to two years, with an option to renew for two additional years, and there's additional information for the Board's review that was requested on Page 15 of 16, Attachment A1. This is the payment schedule that the Board requested at the last meeting.
- And also for your information on the very last sheet in the entire Board's packet, there's a table. The Board requested all the Kimley-Horn & Associates agreements, as well as the TransCore, LLC, agreements. Those are all summarized for your review.
- Sandoval: Questions on Attachment B?

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- Savage: I have a question.
- Sandoval: Member Savage.
- Savage: Thank you, Governor. Robert, Item 56, for the repair flatwork out here, I saw it was being conducting this morning on the south side of the building. Was that sent out as an RFP?
- Nellis: I believe so. Does -- I can't say for sure, but I believe it was. I...
- Savage: It was sent out to bid?
- Nellis: I can get that information for you if no staff is on hand to have that answer for certain.
- Savage: I'd appreciate that. Thank you, Robert.
- Nellis: Certainly.
- Savage: Thank you, Governor.
- Sandoval: Any further questions?
- Unidentified Male: Just -- not so much a question on what it is, but just a comment on -- I'm sorry, just for contextual purposes. On 65, it says Louis Berger Group...
- Sandoval: Mm-hmm.
- Unidentified Male: ...I mean there's an extension of multiple things our and -- but, obviously, a larger decision is driving this. Could you just describe the context of this decision to me, please?
- Malfabon: Yes, Governor. John Terry will answer some of the details that I might miss, but this is for design of the Carson City freeway. Several years ago the contract was done. As you may recall, several months John Terry talked about how NDOT would pursue design contracts and basically add -- or do some initial work with it and then add the bulk of the scope. I think that we've heard from the Board that you want us to have, basically, the bulk of the contract for Board approval and instead of doing this piecemeal...
- Sandoval: Mm-hmm.
- Malfabon: --stair step fashion of amendments that can be very significant. So this contract is actually -- as we're looking at delivery in the last phase of the

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Carson City freeway we're reducing the consultant's scope and trying to do more stuff in-house and John Terry can probably give some more details about what this specific amendment does.

Terry: Yeah, maybe before I get to this specific amendment I'll try and address some of your questions. This is an example of the way we did business and we've been questioned by the Board and I would say we would minimize doing business this way, but I wouldn't say we would not do it this way in the future. In other words, all that had been done was an environmental impact statement in that level of design. We chose to have this consultant -- this is a new consultant, not the one that did the EIS -- come in and do a preliminary 30 percent level design on the entire Carson bypass and then we awarded final design to them after that. Now, when the original RFP went out we let them know -- all of the teams that were proposing -- that it was at our option to give them final design for any or all of the segments.

So that's why the original contract value was relatively low and the amendment is very large. We had them do a 30 percent design so that then we could know how many bridges, how many whatever, how many plan sheets were going to be in the final design and negotiate the individual final designs. That's the big dollars that were added to the contract. The other -- many of the other amendments that you see through here are, frankly, because the Carson bypass has taken us longer than we thought it would over many years because we didn't have the funding and kept breaking it up into smaller packages and kept extending it.

This last amendment we chose to, in-house, take what was one larger contract design by them and us take their plans and finalize them for the lesser design, which I believe we described to you before, and that is finishing the Carson bypass to an at-grade intersection at Highway 50. A signalized intersection at Highway 50, versus grade separated, which was in their plans. Their scope went down, but, again, we needed them to continue and so we're asking for an extension of their contract. I don't know if I answered your question, but that's the context of this contract over many years.

Krolicki: And there's no implication on timeline for the Carson bypass that's -- this is in result of any changes to the timeline?

Terry: Oh, changes we've made to the timeline, absolutely...

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Krolicki: Oh.

Terry: ...but not changes caused by them not getting the work done.

Krolicki: Because of the at-grade. So...

Terry: Yes.

Krolicki: Okay. And just remind me, when is the anticipated...

Shapiro: 2015 is when we anticipate to advertise that contract to -- for the completion of the pavement all the way to the intersection with U.S. 50 and U.S. 395, at an at-grade intersection, not an interchange.

Terry: So we anticipate advertising a contract in about this time next year, so it can be under construction in the following summer.

Krolicki: With a completion target date being?

Terry: Seventeenish. I can't get much closer right now, but I can get you a better answer on that later.

Krolicki: That's fine. Thank you.

Savage: Just one more question.

Sandoval: Member Savage.

Savage: Just a follow up on the Lieutenant Governor's comment. So there were no dollars added along with the timeline to Louis Berger, which is timeline only; is that correct, Mr. Terry?

Terry: We actually deducted dollars in this last amendment and changed the scope. We modified the work that they were doing because we pulled some in-house.

Savage: Okay. So there will not be any additional dollars through...

Terry: No.

Savage: ...2018?

Terry: Not this time...

Savage: Not this time.

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- Terry: ...but we have extended the contract. We don't anticipate going for more dollars in the future.
- Savage: Thank you, Mr. Terry.
- Shapiro: Governor, I have an answer to Member Savage's question on Item No. 56. There were actually three bids received with a range of \$98,900 to \$156,000. The low bid was Facilities Management for \$98,900.
- Sandoval: Perfect. Thank you very much.
- Shapiro: Thank you.
- Sandoval: Any other questions with regard to Agenda Item 7? Thank you very much.
- Terry: Thank you.
- Sandoval: Agenda Item 8, condemnation resolution. Mr. Director.
- Malfabon: Thank you, Governor. On Item 8A, it's for Condemnation Resolution No. 441. We are acquiring property and property rights for widening and reconstruction of South McCarran Boulevard from Longley Lane to Greg Street. And if there's any questions on the action we have John Terry or representatives from Right-of-Way to answer those. There's three owners and two parcels.
- Sandoval: Any questions with regard to Agenda Item 8A? If there are none the Chair will accept a motion for approval of Condemnation Resolution No. 441.
- Fransway: So moved, Governor.
- Sandoval: Motion by Member Fransway for approval. Is there a second?
- Martin: Second by Member Martin. Any questions or discussion on the motion? All in favor say aye.
- Group: Aye.
- Sandoval: Opposed no? Motion passes unanimously. We'll move on to Agenda Item No. 9, Direct Sale. Mr. Director.
- Malfabon: Thank you, Governor. This is for disposal of NDOT property located along U.S. 95. When we widened that U.S. 95 freeway in Las Vegas there were a lot of remnant parcels from the housing lots that we had to take when we

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widened the freeway. So this is for -- after we appraised the value at \$4,150, it's for a direct sale to the adjacent property owner.

Sandoval: Board members, any questions with regard to the direct sale described in Agenda Item No. 9?

Martin: I only have one, sir. Are these parcels sold off as people request to buy them? Because when I look on the overhead photograph it looks like there's several other parcels available there or do we contact them and make an offer to them to -- ask them if they want to buy them?

Malfabon: Chief Right-of-Way Agent Paul Saucedo will respond to that, Member Martin.

Saucedo: Yes, good morning, Member Martin, Transportation Board. Paul Saucedo: for the record, chief right-of-way agent. Yeah, these are requests that we receive from the property owners. These are parcels that really are -- they're landlocked parcels; really only valuable to the adjacent owner. And so...

Martin: Yes, sir, I understand that, but my question directly was do we go out and contact these folks? Because I see several parcels we could get rid of, or we wait for somebody to ask us?

Saucedo: In this -- no, we do wait for them to ask us. On these particular ones we've had several requests in the past for disposal, so several of these parcels have already been disposed of. I can get you a list of exactly which ones, but several of these have been.

Unidentified Male: Governor.

Sandoval: Just to follow up, why wouldn't we be proactive in trying to dispose of this property?

Saucedo: These are a little bit difficult because the fact that it's only really valuable to the adjacent owner. A lot of times the property owners really don't want the properties. They don't want to spend the money to acquire them. A lot -- and so it's something that we don't actively go out and request from the owners. If we have a piece of property that is buildable, so to speak, has access, has value, then we'll go ahead and actively market those. But when we have these little strips parcels like this, basically, we will wait for

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someone to approach us if there's any interest. A lot of times there just isn't any interest in the owners, you know, acquiring the property.

Sandoval: Well, they may not know better. I mean, do we just send them a letter and say, you know, we have this parcel here, do you have any interest in...

Saucedo: We could actively do that. I mean, that's something we haven't done in the past, but, you know, if that's something that's -- we could do on some of these, sure.

Krolicki: Governor, if I might. I'm sure there are thousands of these kinds of pieces that could qualify. But I guess from Member Martin's questions and following you, Governor, I mean if we're already spending the Board's time and staff time to discuss something and there are clearly contiguous parcels on the same map that we're looking at or potentially other opportunities, it might make sense to at least pursue. If we're already spending the energy in a certain sector or certain street or remnants of a certain project it might make sense to reach out to the adjacent landowners. I mean, that's \$4,100; it's not an extraordinary amount. But it certainly pays peoples' salaries if we -- a couple people say yes. I think it would be interesting to see the answer...

Sandoval: Sure.

Krolicki: ...if you do this for here and very few folks accepts the offer or show any interest then this little experiment is over. But if we can generate \$100,000 just in this one situation, it's worth looking at if that's (inaudible)...

Martin: That was exactly my point, sir, thank you. Most of these people probably wouldn't even know these parcels would be available. They just look at it as government land.

Saucedo: That's true. That's something we can obviously look into and start being a little more aggressive on, sure.

Krolicki: We can trade out these parcels for some in-kind biology desert tortoise habitat, what do you think?

Sandoval: I thought you were pushing for that Lieutenant Governor's residence in Southern Nevada.

Krolicki: There's no structure on this property, Governor. I don't need (inaudible).

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- Sandoval: Board members, any further questions with regard to Agenda Item No. 9A? Member Fransway.
- Fransway: Thank you, Governor. My question is about the appraisal. Is that done in-house or is it an external appraisal by a firm of some kind?
- Saucedo: Yes, sir. We have the option on that. A lot of times we'll do them in-house on something like this. If they're commercial properties a lot of times we'll go out and have them done by a fee appraiser. But on this particular one here, this was done in-house.
- Fransway: Okay. And the reason for my question is that if, in fact, whatever the appraisal, whether it's in-house or from outside source, we should probably include that in the price of the direct sale.
- Saucedo: That's well noted, yes.
- Fransway: Okay. Thank you.
- Sandoval: If there are no further questions the Chair will accept a motion for approval of the direct sale as described in Agenda Item 9A.
- Savage: So moved.
- Sandoval: Motion by Member Savage for approval. Second by the Lieutenant Governor. Any questions or discussion? All in favor say aye.
- Group: Aye.
- Sandoval: Opposed no? Motion passes. Agenda Item No. 10, Public Auction.
- Malfabon: Thank you, Governor, and don't go too far away, Paul. This is to request the disposal of a property along a portion of U.S. 395, between College Parkway Interchange and Arrowhead Drive Interchange in Carson City. We completed an appraisal to obtain fair market value in the amount of \$22,000. And in this case we're requesting to proceed with a public auction of this parcel.
- Sandoval: And just -- will you refresh, at least, my memory with the distinction between what we just did in Agenda Item No. 9, a direct sale, and Agenda Item 10 for a public auction and why we do a direct sale in one and a public auction in the other.

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- Saucedo: Yes, sir, Governor. Paul Saucedo for the record, chief right-of-way agent. When we have parcels that are a sellable lot -- in other words, somebody can purchase them and develop them. Like in this case, where somebody could actually purchase this and build a house on it or whatever. We would auction those off. When it's a landlocked parcel or only has added value to the adjacent property owner, and there's one other scenario, but basically, in those instances we sell them directly to the adjacent owner. So, essentially, when it has value just to that adjacent owner, so usually small strips, landlocked parcels.
- Sandoval: And just the reason I ask that question is you have this handwritten letter from the adjacent property owner.
- Saucedo: Yes, she...
- Sandoval: But given that it's buildable is the reason why we have to do a public auction. I can't imagine -- I shouldn't say I can't imagine, but given its location right next to the freeway, I don't know who'd want to build a house there, but it would be a nice piece of property for that landowner who's already there. But I get the distinction. Any further questions from Board members with regard to Agenda Item 10A? If there are none the Chair will...
- Fransway: (Inaudible).
- Sandoval: Oh, I'm sorry, I didn't see you, Tom. Member Fransway.
- Fransway: All right. I note the appraised fair market value of \$22,000; correct?
- Malfabon: Yes, sir.
- Fransway: Is that where the bidding will start?
- Malfabon: No, sir. Under the statute it's 90 percent of the fair market value. So the bidding...
- Fransway: Okay.
- Malfabon: ...the minimum bid would have to be 90 percent of...
- Fransway: 90 percent of the \$22,000...
- Malfabon: ...the \$22,000.

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Fransway: ...million. Or 22...

Malfabon: Yes, sir.

Fransway: \$22,000.

Malfabon: I wish it was 22 million. Yes, sir.

Fransway: Okay. Thank you.

Sandoval: They didn't tell you about that oil underneath there in the talk. All right. If there are no further questions the Chair will accept a motion for approval of the public auction of the property described in Agenda Item 10A.

Wallin: Move to approve.

Sandoval: Controller has moved to approve. Is there a second?

Martin: Second.

Sandoval: Second by Member Martin. Any questions or discussion on the motion? All in favor say aye.

Group: Aye.

Sandoval: Opposed no? Motion passes unanimously. We will move on to Agenda Item 11, Discussion and Possible Approval of the Annual Work Program, Fiscal Year 2014, Short- and Long- Range Element FY 2015 to 2023 and Possible Acceptance of the STIP FY 2014 - 2017.

Malfabon: Thank you, Governor. Assistant Director for Planning, Tom Greco, will present this item to the Board.

Greco: Thank you, Rudy. For the record, Tom Greco, Assistant Director of Planning. Governor, members of the Board, Las Vegas, good morning. Last month we brought you the draft of this document. There has been a lot of hard work to develop it to the stage it's in. It is not, however, flawless and in the interest of expediting the process we would ask that you consider approving and accepting this document as is, knowing full well that we will incorporate the edits into the next amendment in the near future.

Malfabon: Governor, I wanted to mention that what requires a lot of those corrections has to do with the STIP portion, the Statewide Transportation Improvement

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Program, as was discussed last month when we presented the draft. Each metropolitan planning organization, which are typically called RTCs or MPOs, has their plan. So when they receive federal money or have regionally significant projects, they put it in their local plan and then those plans get presented to NDOT and we can only accept or reject them entirely. We can't change them. Sometimes in those STIP projects -- and we get our federally funded projects into the appropriate MPOs document, as well. So Carson City MPO, the RTC of Washoe County, RTC of Southern Nevada, and Tahoe are the four MPOs in our state.

One of the things that we do is sometimes there's some minor corrections as far as getting the dollars to match up. There's changes in engineers' estimates or other costs to projects, so the numbers can change a little bit, but for the most part, the projects are what they are. And we wanted to make that point that the MPOs -- in other words, the RTCs have a large role to play in selection of those projects and forwarding those to the Department.

Sandoval: But when you say the large role, they have the role, I would...

Malfabon: They have...

Krolicki: Yes.

Malfabon: We put our project in there, but they have a -- basically, that's their responsibility is to put together their transportation improvement program for their region, and then submit that to NDOT for incorporation in the statewide plan. And we either have to accept it or reject it entirely.

Sandoval: And we're, essentially, adopting those recommendations that have been heard and reviewed and considered at the local level and then it's coming to us...

Malfabon: Yes.

Sandoval: ...based on a final decision of those local transportation authorities?

Malfabon: Yes. The other thing to note is that we anticipate many changes in the months to come because of the enactment of the fuel tax indexing. This process starts in the early spring, typically with public meetings at the local level to adopt their -- and they go to their boards or commissions to adopt

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their plans and then, eventually, it gets to NDOT after that formal process -- and public and open process.

So with the enactment of the fuel tax indexing, which I'll have as a separate presentation next. There'll be many changes; basically adding projects to the list here for Clark County.

Greco: Thank you, Rudy. I'll mark through the rest of my notes that I was going to offer. You did an excellent job. And, indeed, a very large amendment is expected out of Southern Nevada about January. All planning documents are a snapshot and they are out-of-date the day after they are approved. The STIP, as you know, we bring you amendments and modifications at every other monthly meeting. The annual work program, traditionally we have offered that once a year. We are moving toward and plan to do a quarterly update of that document, beginning this year. Any other questions?

Sandoval: Questions from Board members? No? Okay.

Greco: Okay.

Sandoval: Thank you.

Krolicki: Governor, I wanted to make a point that a possible bill draft request that NDOT may submit as a housekeeping issue. Currently we're required by NRS to submit the annual work program and then the short-range element is the next two years after that annual work program. So it basically covers the three-year period. Now, that was back in the day when the Federal Highway Administration required a three-year STIP, so it matched that. Now under the current transportation bill we have a four-year STIP, so we would probably develop a bill draft request to ask the legislature to change that short-range element to a three-year period. So that three years, plus that annual work program would be the four year; it would match the STIP time period.

Sandoval: All right. Any other questions or comments with regard to Agenda Item No. 11? If there are none the Chair will accept a motion for approval of the Annual Work Program, as well as acceptance of the Statewide Transportation Improvement Program for FY 2014 to 2017.

Savage: Governor, I'd so move to approve, along with Mr. Greco's comments of quarterly updates with amendments or earlier. Thank you, Governor.

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Sandoval: There's a motion for approval by Member Savage with the caveat that we will have quarterly updates, particularly the additional one that we anticipate in January for Clark County. Is there a second?

Martin: Second.

Sandoval: Second by Member Martin. Any questions or discussions on the motion? All in favor say aye.

Group: Aye.

Sandoval: Opposed no? Motion passes unanimously. Agenda Item No. 12, Briefing on Fuel Tax Indexing.

Malfabon: Thank you, Governor. I will present this item to give the Board an overview of the fuel tax indexing in the State of Nevada and specifically with the passage of Assembly Bill 413, how it's impacting Clark County. Next slide, please.

So as far as the history of fuel tax indexing, we actually have had fuel tax indexing in place in Washoe County for several more years. Back in October 1st of 2003, it was enacted and it was based on the consumer price index. You can see that the actions on Senate Bill 201 in the 75th Legislature and this most recent Legislature, Assembly Bill 413, changed the price index to the producer price index.

The difference is the consumer price index is really used, typically, to maybe adjust salaries or to have cost of living adjustments. It really doesn't reflect the true cost of the selling prices, as observed by the people that are doing the production. So in this case, the Department of Labor, Bureau of Labor Statistics, keeps track of these price indices and the producer price index is specific to the highway and street construction costs. So it's more representative of the cost increases that we face. And the idea of fuel tax indexing is so that we don't lose as much ground -- or the counties don't lose as much ground to inflation or cost increases.

A little bit over these next few slides we'll talk about what the fuel tax per gallon is. Most states in the nation have a set price per gallon. The federal government receives 18.4 cents per gallon to the Highway Trust Fund at the national level. And that's broken out into the areas that you see there. Some

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goes to highway, some goes to transit, and some goes to Leaking Underground Storage Tank Trust Fund.

The State portion, 18.455 cents, come goes to the State Highway Fund, the majority does, and then there's some for the Petroleum Cleanup Fund and inspection fee for imported gas. Next slide.

Now, there's a lot of discussion recently about how much counties charge, especially in light of Clark County deliberating passage of fuel tax indexing in Clark County. So the county mandatory portion is split up into different apportionments. Some of it is given to the counties directly and it's apportioned by population, some by miles, so it's a combination of those. And when you get to other portions of the county mandatory tax, it's split with incorporated cities and includes some factors, such as land area, population, the local miles that are maintained locally and vehicle miles of travel. Further distributions of that county mandatory tax are split with towns and incorporated cities. These are towns with town advisory boards that receive a portion of that money. And then there's some that -- the last two, the 1.75 cents and the 1 cent go to the county of origin. The other ones are kind of split proportionately. So that's the county mandatory tax. Go to the next slide, please.

There's been some discussion about the county optional tax and the counties are allowed up to 9 cents, and that's administered by the local RTC. There's 12 counties currently at 9 cents and 5 counties at 4 cents. You see Douglas, Esmeralda, Lincoln, Nye and Storey County are currently at 4 cents a gallon on the optional county tax.

Now, there's been some discussion of, well, shouldn't these counties be at the maximum so that they can raise the maximum amount of revenue for roads. Next slide, please. We did a rough calculation, so about 2.3 million could be raised, but the point is that this money would go directly to the counties. As we talked the distribution of county taxes, county optional taxes, that that would go to the counties for the roads that they maintain. So it wouldn't go to the state highway fund. So not a huge impact from those counties, which is not as populated as Washoe and Clark, obviously. Next slide, please.

Fransway:

Can I ask a question?

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- Malfabon: Yes. Go back to that slide please.
- Fransway: Those five counties that are...
- Sandoval: Tom, is your microphone on? Yeah.
- Fransway: Those five counties there that are noticed on the board there, are they levied less than the 9 cents? They're not to the maximum yet?
- Malfabon: Yes, they're at 4 cents per gallon. Elko County, just earlier in this year, enacted the remainder of their county optional, so they're at the 9 cents per gallon now.
- Fransway: And that takes action by the Board of County Commissioners, correct?
- Malfabon: Yes. Correct.
- Fransway: I didn't realize there were still five of them. Okay. Thank you, Governor.
- Malfabon: Next slide, please. So specific to Assembly Bill 214 that was passed this session, they had until October 1st to pass a law by the county commission. So they did take action on September 3rd and passed it with only one dissenting vote. This allows indexing of the federal, state, and local gas tax and special fuel to the producer price index and it starts January 1st of 2014, and it goes for three years. And the proceeds are distributed to the RTC of Southern Nevada. Next slide.
- Now, there is a cap of 7.8 percent per year. Just to give you an idea of what the producer price index has been, I provided five years of information there, but it is a ten year average, so it takes out some of the fluctuations in the economy. You may recall, years ago, when we were having a lot of construction activities. China was buying up a lot of the steel and concrete and cement, so it was driving up a lot of the prices for construction materials in the United States. So this takes that into consideration and kind of levels that off over time. Next slide.
- To give you an idea of what's the anticipated gas tax rates in Clark County; you have the base rate starting out next January of 52.176 cents. The indexing is anticipated to be about 3.25 cents, so you'll be paying 55.4 cents and that includes federal, state, and local. So it continues on with anticipated rates getting up to about 62 cents by the time it finishes that three-year enactment period.

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The further indexing of federal and local rates from 2017 to 2026 must be approved by voters at a general election in November 2016, so 3 years from now there'll be a ballot question for voters and 10 years -- let's say that it gets enacted or approved by the voters -- it takes just a majority of the voters to approve it -- then it comes up for a vote again 10 years from then, so 2026 is when the next vote would be taken from the public.

The thing to note is that Clark County for that three year period can index federal, state, and local fuel tax, but starting in 2017 they're not allowed to index the state portion of the fuel tax. That will be up to the voters to enact that as a statewide fuel tax indexing, which will go to the state highway fund. Next.

So there will be a ballot question. As far as the issue of statewide implementation of fuel tax indexing on the state portion, November 2016 there will be two questions; one to continue it in Clark County and one to have it implemented at a statewide level, so all counties. And that state portion will go to the state highway fund. And then again, let's say that it is approved in November of 2016, 10 years from that date it would have to go back to a public vote to continue.

Now, one of the important points of this; there's over 180 projects that the RTC of Southern Nevada has selected to fund using this fuel tax indexing revenue over the next three years. So it's very critical for them to deliver these projects to show the public that they are capable of project delivery and that the public's additional tax revenue went to support these specific projects. So Clark County will have about \$700 million of bonds that are, basically, using this fuel tax indexing revenue to be paid off.

But significant projects -- the Boulder City Bypass Phase II is the RTC of Southern Nevada's project, so about \$201 million is going for construction; very significant investment in construction cost of that project. They are also giving us -- I mentioned in the Director's Report the approximately \$31 million for our phase one of the Boulder City Bypass Future Interstate 11 Project.

U.S. 95 widening is another project that is an NDOT project that the RTC of Southern Nevada has on their list to give us about \$6.4 million in support of that project. And then other regionally significant projects to mention are the Clark County Beltway, because of significant cost increases, the Clark

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County Department of Public Works didn't complete the beltway to freeway standards on the schedule that they anticipated originally. So this additional fuel tax indexing revenue will go to complete Decatur to North 5th Street. Currently the county has a project up to Decatur that's building the beltway, so what they did originally was to build a road but not have the interchanges. So they'll redo the pavement to concrete pavement, put in the bridges, have the ramps or grade separations, if needed, for some of the cross streets currently that are crossing the beltway. So significant investment to finish the beltway.

The other project worth mentioning is the Airport Connector Project, Phase II. Now, you'll recall that there's a project currently out under construction, a phase one project. This is a \$26.5 million investment from the fuel tax indexing revenue that will basically support the additional \$35 million of federal funds that are going to that project. So you have roughly a \$60 million project that's anticipated for phase two of the airport connector project. And it will construct a flyover bridge going south out of the tunnels to go east towards Henderson, so a big flyover bridge will be constructed with this.

Now, there's been questions about how this Assembly Bill 413 affects Washoe County. We do have representatives from the RTC of Washoe County if there are any questions specific, but we see that in looking at the bill -- and we gave the Board members a copy of Assembly Bill 413 for your leisure reading, very lengthy bill. But we feel that it doesn't affect Washoe County fuel tax indexing, so as we showed in the history of fuel tax indexing and enactment. Washoe County already had fuel tax indexing in place and it was based on the producer price index, similar to Clark County. But Washoe County has delivered many projects, both pavement rehabilitation projects and some of the capacity improvements, such as the southeast connector, a major investment in Washoe County that's on the east side there, that will actually help relieve some of the congestion that we see on U.S. 395, 580 as an alternative route for traffic on the east side of the valley there in Washoe County.

But you can see that the rates -- because they've had this in place for more years, the rates per gallon are higher in Washoe County. So in the example that we gave for Clark County the gas tax was about 55 cents to 62 cents in that three-year range of enactment. And then you can see that they're a bit

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higher in Washoe County, but when you drive around you really don't notice because of the fluctuation in gas prices and market competition. It's not as noticeable when you compare gas prices. And there is still, you know, the gas suppliers, the gas stations, are still competitive and try to have the most cost-competitive prices against their competitors. So you can see that it does rise over time. It's going to be 72 cents in that period that we're currently in. So there's quite a bit of additional revenue that the RTC in Washoe County has bonded against and since they've bonded against that revenue there's an obligation to pay back those bonds using this revenue. Next slide, please.

Now, there are some impacts to the Department of Motor Vehicles that kind of collects and distributes the fuel tax. Right now the DMV, unfortunately, they weren't able to be present today to kind of give their perspective, but we've been discussing it with them and they really bent over backwards to implement the fuel tax indexing manually in their system while they're concurrently doing the programming in their system so it'll be automated in the future, but for the meantime it was very critical that they have this in place so that Clark County could start collecting the additional fuel tax revenue from indexing starting January 1st.

The DMV also has to adopt regulations regarding a requirement in Assembly Bill 413 for reimbursement for the International Fuel Tax Agreement, IFTA. Now, this deals with interstate truckers and the kind of get a system in there so that each state doesn't have to have their own system in place for interstate trucking. So they keep track of their miles, they keep track of what states they drove through, so those states get their fair share of that diesel tax from those truckers. But as I mentioned, we don't think that this requirement affects Washoe County, but we have a question into the LCD staff to confirm that. During the testimony for Assembly Bill 413, Bond Counsel John Swendseid talked about this point and he did mention what it could have as an impact and they had discussions about Clark County and Washoe County, as far as this reimbursement issue for truckers. The issue will -- we'll get a more firm answer from LCD on their interpretation, but for now Washoe County -- the RTC of Washoe County feels that it doesn't impact them, but the focus of Assembly Bill 413 was primarily for Clark County and that statewide issue that will be on the ballot in three years.

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So that concludes the presentation on fuel tax indexing. I'm willing to answer any questions best I can.

Sandoval: Questions from Board members?

Fransway: Question.

Sandoval: Member Fransway.

Fransway: So the indexing will or will not affect special fuels also?

Malfabon: It affects special fuels also.

Fransway: Okay. And if it affects special fuels, then will it filter down to the individual counties?

Malfabon: It's the -- the special fuels tax, I believe, goes to the state. Now, allowed by Assembly Bill 413 is that the county can index federal, state, and the local portion and take that to the RTC. So that does not go to the county, only indirectly through the RTC and those affected in Washoe County and Clark County, giving those entities money for their projects. In the case of Washoe, they do their projects themselves. They're set up a little bit differently from Southern Nevada where they give the monies to the entities, Clark County, the cities of Las Vegas, North Las Vegas, Henderson, the cities of Mesquite and Boulder City. So that those public works agencies deliver the projects themselves. It's a little bit different model than in Washoe County, where the RTC delivers the projects.

Fransway: As it is now, the counties do not receive revenue from diesel fuel?

Malfabon: No.

Fransway: And so with the indexing, will that go to the state and then somehow go back to the counties of origin?

Malfabon: No. It's specific that it'll go to the state highway fund. It goes to the state for use on, basically, NDOT projects. And then that's only attributed to the state portion of the fuel tax. So even with special fuels it's going to go to the state. There was no language in the bill that said that the counties would get the money from -- it just said that it would be deposited in the state highway fund.

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- Fransway: Okay. So if, in the future, a county chose by action to adopt a method of indexing fuel, it would only be for gasoline in that county, wouldn't it?
- Malfabon: It depends. If they took the same action that Clark County took, they could have a bill before the legislature to index the remaining portion. So, in other words, the federal and the local portion of fuel tax, including special fuels or diesel. So a county could take that path, if they wanted to, to request the legislature give them that option or that ability. But it would take approval in the legislature and then approval by the government.
- Fransway: Okay. So they would have to write their own bill?
- Malfabon: Yes, they would. Because currently the bills that have been passed into law only deal specifically with Washoe County and Clark County.
- Fransway: Okay. And if, in fact, they were to win approval from the legislature to do that, would it only be for the amount that was brought about by CPI?
- Malfabon: They could identify which price index to use. As you saw in the history, initially the consumer price index was used and then there was a recognition that it wasn't really a good indicator of the fluctuations in the cost for road and highway construction, so it was eventually to producer price index and raised substantially more revenue than the CPI. So in the language of the -- let's say if a county wanted to enact fuel tax indexing on portions that would come back to the county, they would have to identify in the bill which price index to use; either a producer price index, which would be in line with what they're doing currently in Washoe and Clark County. Now, Washoe also still receives the consumer price index portion of their indexing, but it's quite a bit less raised from that than the producer price indexing on the fuel tax. But the county -- in summary, the county would have to identify what price index in their proposed legislation for consideration by the legislature and the Governor.
- Fransway: Okay. Thank you.
- Sandoval: Mr. Lieutenant Governor.
- Krolicki: First I want to say it's a pleasure to watch Member Fransway revert to his hat as a longtime Humboldt County Commissioner. And I think the first time I met you twenty-something years ago, you were in the gas business. You had a Shell station or something, is that right?

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- Fransway: No, my father had Texaco. So I was raised around it.
- Krolicki: Okay. So he's been raised around gas pumping, so I appreciate you, Tommy, very much. Two quick questions. Anytime you talk about bond counsel and things you get my curiosity. Is it a tension in statute or are there covenants within the existing outstanding bonds that are causing the problem about whether or not this is violating, again, a covenant or state law.
- Malfabon: It's basically existing state law that says if there's revenue pledged to pay off bonds then it has to continue to be there available for the payoff of those bonds until those bonds are paid off.
- Krolicki: I would suggest there is a cure, though, in the covenants to make it clear or you can defease bonds. When I first saw these percentages I was maybe somewhat nervous, because I saw a larger potential price increase than what we're seeing here. How is the base determined? And it seems like a basic question, but obviously there are many taxes involved, but you have a 52 cent base rate...
- Malfabon: Yes.
- Krolicki: ...how was that calculated and I guess I want to make sure that what we're talking about -- how a number can be adjusted from an indexing rate -- I want to make sure that the base rate is a static number and also, I mean, it's another part of the equation and I want to understand the control on the base rate.
- Malfabon: Yes, Lieutenant Governor, in response, the base rate is calculated from the federal, which is 18.4 cents; the state, 18.455 cents; the county mandatory 6.35 cents; and then the county optional. In the case of Clark County they were already at the maximum 9 cents. So you add up those all together and you would get the base rate to start at on January 1st of 2014, of the 55.426 cents. And then thereafter you apply the indexing.
- Krolicki: But if there's a federal gas tax of some kind imposed, etcetera, that would be part of the constant number that would be indexed?
- Malfabon: Yes, because it refers to -- there are limits on the index itself that it will not exceed, I believe, 7.8 percent, but it says that it's...

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Krolicki: But not on the base?

Malfabon: ...it's applied to the federal, state, and local. So if the federal government, Congress, raised the gas tax, the federal portion of the gas tax, it would be eligible for that indexing. I believe I had heard that there was a limit, but I only saw a limit on the indexing percentage, not on the...

Krolicki: The base?

Malfabon: ...but I had heard like it could only go up to about 10 cents in that three-year period in Clark County. I think that that's just based on the calculations of what they anticipated for the total of the indexing.

Sandoval: Any further questions or comments with regard to Agenda Item 12? All right. Thank you, Mr. Director. We'll move on to Agenda Item 13, Report on the Status of the Future I-11 and the Intermountain West Corridor Study.

Malfabon: Thank you, Governor. Our project manager, Sondra Rosenberg, will give this presentation to update the Board on the progress of the Future I-11 Study.

Rosenberg: Thank you. Good morning. For the record, Sondra Rosenberg, NDOT Planning. It is still morning, right? Yeah. Okay. Great. I just wanted to bring back some information to you. I last presented to this group back in August and was asked to come back once we've had some meetings and we're getting some feedback, and we're at that point now, so I thought it was appropriate to give you an update.

So for our evaluation process when we're looking at all the potential corridors for not just the designated I-11, but the potential Intermountain West Corridor, we've set up this evaluation process in conjunction with our stakeholders, so in August we met with our stakeholders to develop evaluation criteria. We then went back to our stakeholders in September and looked at the universe of alternatives. We've just recently completed our level one screening and we went out -- we had five different meetings, both with stakeholders, as well as public meetings, to discuss the results of that. So we looked at what are all of the alternatives we looked at based on the criteria that were developed in conjunction with our stakeholders, what we're recommending moving forward.

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In January we'll have some more meetings to talk about the level two screening, which is a more in-depth screening for the priority segment; that segment designated as I-11, or the area between Phoenix and Las Vegas. And then we're hoping by March to have some recommendations to bring back, as well.

So just a recap of the evaluation criteria. I believe I went through this in a little more detail back in August. Those are all the criteria we are weighing the alternatives on. For the level one evaluation it's basically all qualitative or comparative; the different alternatives and the different segments comparing them against each other. When we do the level two evaluation it's going to be on that section between Phoenix and Las Vegas only and it's going to be much more quantitative. We're going to start running models. We're going to start estimating costs. So we're going to get into the details a little bit more.

So after our stakeholders meetings this was our map of universe of alternatives. We had some of these recommended based on previous studies. We looked at, you know, master plans. The regional transportation plans. Anything that had been studied or recommended before and then our stakeholders also came to the meetings and made some additional recommendations that they felt was worth looking at. So as you can see, they're pretty broad, wide lines all the way from the Mexican border up through Northern Nevada and beyond.

And then the results of that screening, based on the criteria presented, we have one recommended alternative for Southern Arizona. We had quite a few that we looked at. Basically, any port of entry in Southern Arizona was evaluated as how it connects to Phoenix and Las Vegas and beyond. There was really one clear winner, which is that corridor through Tucson and Nogales port of entry. We're not saying specifically it's the I-10 corridor, but most likely an expansion of that corridor or some similar or parallel facility.

For Phoenix all of the alternatives that are recommended are fairly similar from, you know, Nevada's perspective. It basically comes into Wickenburg, follows the southwestern corner of the valley to connect into Casa Grande, south of Phoenix. North of Phoenix there's two alternatives basically following U.S. 93. There was one alternative that kind of jots west and then north to connect back to 93, so we're evaluating both of those. And for Las

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Vegas we looked at several alternatives. Some of them included alternatives that went further south or west. There were alternatives that didn't use the Boulder City Bypass, so all of those have basically been eliminated. We're basically left with three -- oh, no, here we go. Just seeing if you're awake. The 215 alternative, which is basically follow the beltway south and west of the valley. There's the potential to expand that corridor. Following the 93 corridor through 515 and then 95 north, basically, you know, a straight shot from the southeast to the northwest. Coming through Las Vegas and out on 15, that's the CANAMEX corridor or the potential for a new corridor on the eastern side of the valley. So those will all be evaluated in more detail in the next level of screening.

For Northern Nevada we did look at several alternatives, on the western part of the state; we looked at one in the central part of the state and two on the eastern side of the state. There's a pretty clear winner that U.S. 95 north of Las Vegas seems to score highest on the criteria that we developed. We do have two alternatives once you get to the Reno-Sparks-Fernley area, whether you go through Reno and up the 395 corridor or continue on the 95 corridor along I-80, and then north up to Oregon and Idaho.

So just a summary of some of our meetings. Since we last met we've had three stakeholder meetings, as well as a public meeting, and those are the numbers of attendees at each of those meetings. The map reflects when people signed in at the public meetings where they were from. So we have a pretty broad coverage of attendees at our meetings. We've also been contacted by folks since those meetings who weren't able to attend and we've tried to accommodate via teleconference or meeting or update them, as well. Because there aren't very many, as you can see, on the northeastern part of the state and we definitely heard from them and have had discussions with them since.

So some common themes. There's certainly a realization of the economic potential of this corridor being developed. There's a specific area outside of Tucson that has some concerns and there's a big active community there that's opposed of any alternative that goes through that specific area. Funding is obviously a big concern. We talk about funding at every one of these Board meetings, so certainly when we look at a potential new or expanded corridor that's a concern from a lot of our stakeholders and public. Avoiding protected and sensitive lands. Supporting a facility that would

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address safety issues. You know, the area between Phoenix and Las Vegas has had quite a few safety issues. It's being expanded now and ADOT is addressing a lot of those issues, but it's still a concern. And support for a multimodal facility. This opportunity -- if we are looking at expanding or new facilities the opportunity to provide access for multiple modes.

Specific to Nevada. In the Las Vegas area we got a lot of comments that the eastern alternative would really have the highest potential for congestion and air quality relief, however, it also has the most constraints; specifically from an environmental and cost perspective. Alternatives through the Spaghetti Bowl; there's a lot of concern about that being detrimental to congestion and economic development. It's an already congested area and the potential to add additional freight through traffic is certainly a concern.

Input from federal resource and defense industry is needed. We did have a meeting with Nellis that went very well and we've incorporated their input. We also have a meeting scheduled with the federal resource agencies next week to discuss those environmental concerns and land ownership concerns.

In Northern Nevada we had kind of an overwhelming response that U.S. 95 makes the most sense connecting the two big metropolitan areas. However, we have some concern from the counties on the eastern part of the state that we're missing some potential opportunities there. So we're addressing that. We're incorporating their comments and reevaluated. We still think 95 makes the most sense from an interstate type facility perspective, however, we are looking at the opportunity for rail and other types of transportation on the eastern part of the state.

Input from neighboring states needs to be considered. We do have members on our stakeholder working groups that are from other states. They haven't had a strong opinion yet. We did have a conference call with Oregon DOT yesterday, so we are trying to get specific comments from those neighboring states before we finalize our recommendations from the level one screening.

Fransway: Question.

Rosenberg: Yes, sure.

Fransway: Could I, Governor?

Sandoval: Yes.

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- Fransway: While we're on the Northern Nevada connectivity between Las Vegas and Reno through U.S. 95...
- Rosenberg: Mm-hmm.
- Fransway: ...I assume that it would intersect I-80, and then they could make the decision of whether to go on to Reno or north to Idaho or wherever.
- Rosenberg: Right.
- Fransway: Is that how it wants to connect -- it would connect to Reno?
- Rosenberg: That is correct. So we have, again, for these connectivity segments, so north of Las Vegas, are very wide, broad lines. We think, basically, following the 95 corridor loosely to approximately the Fernley area, where it would then connect to I-80, at that point there needs to be a decision on whether or not it makes sense to even carry it forward further north of that. But then you'd have the choice of going to Reno continuing on 80 to where 95 heads up north. So those are our two recommended alternatives and for this segment that's sort of the end of the analysis is we're recommending that this corridor needs to be looked at further as a potential interstate or, you know, high-capacity transportation facility. And really what we mean by that, since this is so, so long term, is to start working with our federal partners to potentially preserve right-of-way for future transportation development when that need arises.
- Fransway: Thank you.
- Rosenberg: Mm-hmm. So the next steps we're going to finalize the levels on evaluation results. And, again, I don't want to finalize that. We have a draft technical memorandum that's available on our website. I don't want to finalize those recommendations until we've gotten some additional feedback from our neighboring states, because we want to make sure our recommendations are consistent with their long-term plans, as well. But that should be in the next month or so. And we're preparing a feasibility assessment report for the connectivity segments and what that is, is we'll go through -- we have the evaluated criteria in the tech memo, but we're going to go through a little bit more of a descriptive process on what the opportunities and constraints of all those corridors that we evaluated are so that those can move forward into future studies.

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The priority segment alternatives, which is the Phoenix metropolitan area, Northern Arizona and then the Las Vegas metropolitan area, we're going to do a more quantitative analysis of those to narrow down those alternatives a little bit more and then prepare a corridor concept report, where it'll have a little bit more detail, refine those alternatives a bit, have very preliminary, very broad planning cost estimates and that'll be available in the corridor concept report sometime late next spring.

We're going to have stakeholder meetings in January, March, and May, and we anticipate having a public meeting towards the end of the process in June. And all of our documents, meeting materials, are available on the website. Any questions?

Sandoval: Thank you. Questions from Board members? Member Fransway.

Fransway: Thank you, Governor. So you have several options out there as far as your corridor goes. When do you anticipate and did I just hear you say June? When do you anticipate a preferred alternative?

Rosenberg: For the priority segment we anticipate a preferred or recommended alternative -- we should have a draft of that at least by March time frame, March, April, that then we'll work with our stakeholder partners and make sure we're still, you know, in line and everyone, you know, there's no concerns about those recommendations. It may not be -- I think for, you know, the area between the two metropolitan areas there will most likely be one alternative. For the Las Vegas metropolitan area it might end up being a series of recommendations, so we might end up finding through our travel demand model, that we see a need for improvements on several of those corridors. Especially when you look at the time frame associated with a potentially new corridor, if that is still recommended at the end of the next process. So we'll have one recommended for, you know, potential I-11 designation, but we think that'll be in conjunction with a series of improvements for the Las Vegas valley.

Fransway: Okay. And over the long term, the goal or the concept, I guess I would say, would be to connect Mexico to Canada through the United States. And so as you develop your corridors, will you have input from other states as to how it may proceed northward into their states?

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- Rosenberg: Yes, absolutely. So right now our focus is, you know, Las Vegas to Phoenix and then beyond that through the states of Arizona and Nevada. However, for our recommendations for Nevada, for example, it's very important to make sure we're in line with recommendations from other states. So just as one example, our conference call with Oregon DOT yesterday, what they brought to us was they've done a freight study or a statewide freight plan, and so they have freight corridors identified. So we are looking at which of our alternatives could connect to their planned freight corridors. So that's sort of the level or kind of very big picture. We want to make sure we're lining up with what other states are planned for north, south, freight or high-capacity corridors.
- Fransway: And you mentioned five stakeholder groups. I don't recall seeing -- identifying those five groups on your PowerPoint.
- Rosenberg: Yes, those are by -- we've had stakeholder meetings by location, so we have had meetings in the Tucson area or the Southern Arizona area, that's one stakeholder group. The Phoenix metropolitan area. The Northern Arizona area, generally in Kingman. The Las Vegas metropolitan area and then Northern Nevada. So those are the five stakeholder groups.
- Fransway: Okay. And you've established your meetings and your transparency through meetings with each five of those? Because they must comprise with different factions of each individual group, such as business people, construction people...
- Rosenberg: Right. Right. So we have a very extensive stakeholder partners distribution list. We also had a series of focus groups early on in the study last spring where we actually had specific groups for the freight industry, the energy industry, resources. So those were focus groups which were comprised of the larger stakeholder group. So we have a very extensive stakeholder partners distribution list. I think it's approximately 2,000 people and when we schedule these meetings we invite all of the stakeholders to all five of those meetings. So they can choose whether to attend the one that's geographically closest to them or the ones that have, you know, if they're -- they might be in Southern Arizona but they're very interested in what's happening in the Las Vegas metropolitan area. We always provide a web and teleconference ability so people don't have to physically be at those meetings. So all of our stakeholders are invited to all of our meetings. The reason we split them up by geographic area is so that they're not very long

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meetings that go into a lot of detail about different areas of the corridor that particular individuals might not have interest in.

So the Las Vegas stakeholder meeting will talk about the Las Vegas metropolitan area and those corridors we're looking at there. In the Phoenix meeting we'll just talk about the Phoenix alternatives, so the meetings are relatively short, but stakeholders can attend all five of them.

Fransway: Okay. I'd be interested in knowing the schedule...

Rosenberg: Okay.

Fransway: ...in District 3 for sure. So appreciate that.

Rosenberg: I was under the assumption that you were on our distribution list, but I'll double check on that...

Fransway: Okay.

Rosenberg: ...and make sure that we reach out to you for future meetings.

Fransway: Thank you.

Sandoval: I have one question. In your discussions in these meetings, the fact that we, being Nevada, are moving forward on this Boulder City Bypass and putting down \$180 million; does that have any effect on those discussions that shows that Nevada is really serious about this?

Rosenberg: Absolutely. So there's certainly the, you know, on-the-ground type of discussions, long-range planning on where this corridor should be. There's also quite a few political discussions, as you might expect. So we're having quite a few discussions with particularly what we're calling our core agency partners. We have another subset group here, which is the two DOTs, Federal Highway Administration, Federal Railroad Administration and the two MPOs for the Phoenix and Las Vegas metropolitan area. Certainly the RTC of Southern Nevada is making a lot of strides, a lot of outreach in terms of naming Boulder City Bypass I-11 and what needs to happen on the other side of the state line. Meanwhile, Arizona is working on their 93 improvements. They're not going to be interstate standards in the near term but certainly coordinating those efforts to make sure that the effort we're putting forward on the Boulder City Bypass is not thwarted by lack of movement on the other side. So we're certainly working together in trying

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to make sure improvements are done in coordination or conjunction with one another.

Sandoval: And when do you anticipate that these stakeholder meetings will be finished?

Rosenberg: Our last scheduled stakeholder meeting will be in May of 2014, and that will be kind of wrapping up our final recommendations.

Sandoval: And what happens after that? Because that's not too far away.

Rosenberg: Right. So we'll have a draft of our corridor concept report, which has more detailed recommendations. Right now we have lines on a map, we have the lines that have been eliminated and the lines that are still on there. That corridor concept report will have recommendations in terms of, you know, the size of the facility, potential phasing opportunities, a planning level cost estimate, an implementation plan. So we'll have some recommendations that then the two states and/or the MPOs can move forward with on that and that'll go into, you know, prioritizing based on, you know, the rest of our needs. But we'll have an implementation plan and a concept report on recommendations on how to move this forward.

Sandoval: Which brings me to my final question. At some point will this Board have the final say as to which corridor will be chosen?

Rosenberg: That's an excellent question. Would you like to, I guess, is what I would ask. You know, I had planned on coming back to you probably in the March time frame, which we'll have our draft recommendations and that's probably a good time for this body to weigh on what we're recommending and recommend any -- either support of that recommendation or changes of that. I mean, certainly the Arizona Transportation Board is getting monthly updates and they're certainly weighing in. The Governor of Arizona has been very active on this on weighing in on alternatives. So I'd be happy to, you know, make that a requirement before we come to you with our final recommendations.

Sandoval: So is that a yes?

Rosenberg: Yes. Sorry. Yes, absolutely.

Sandoval: All right. Any other questions? Madam Attorney General.

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- Cortez Masto: Just to follow up on the Governor's question, and it may be in the report, I did not see it. Stakeholders from Nevada, who are they? Who's involved? That might help us, as well, making the determination.
- Rosenberg: That's not in this particular report. We do have a public involvement plan. It's a very extensive list, so I'll rattle off some agencies that I can think of. But certainly all the federal land ownership agencies, such as BLM, Forest Service, Fish and Wildlife. We have all of the counties, many of the cities, NACO, League of Cities, the MPOs, the trucking industry, the power industry. So it's a pretty broad range of stakeholders and we're constantly adding to it. Whenever someone has expressed an interest and they represent an organization, whether it's a government organization, an NGO, we're happy to add them to our stakeholder partners list.
- Cortez Masto: And I guess what I'm curious and more interested in is at the state level. Who's involved in -- as a stakeholder and how much weight do they carry with the determination? In other words, I'm assuming and I hope the Governor's economic development team...
- Rosenberg: Yes.
- Cortez Masto: ...or somebody from that is involved. That helps me, if this is coming back to the Board, to know who the stakeholders are, kind of what they've weighed in on and will absolutely help me (inaudible) a decision.
- Rosenberg: Sure.
- Cortez Masto: Although this is coming to the Board after January. I won't be here, so I won't have to worry.
- Sandoval: But...
- Cortez Masto: But it would be helpful.
- Rosenberg: You can comment.
- Cortez Masto: Thanks.
- Sandoval: The Attorney General brings up a great point, because we've got to have the Las Vegas Global Economic Alliance involved. We have to have EDAWN involved. All the other RDAs. Because the last thing that I want -- I'd rather you be exhaustive now in including all the potential stakeholders...

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- Rosenberg: Absolutely.
- Sandoval: ...because if you come up with a recommendation and somebody comes to the dais and says, well, wait a minute, we didn't have an opportunity to have a say or input onto this and now this thing's been done.
- Rosenberg: Right.
- Sandoval: So we -- if you're already working with GOED, but I would go to EDAWN, and as I say, to Las Vegas Global Economic Alliance, as well.
- Rosenberg: Absolutely.
- Sandoval: Mm-hmm.
- Rosenberg: And we have -- I'll have to check to see if those organizations have participated. I believe they're on our stakeholder list. We have had meetings with the Las Vegas Chamber, LVCVA, you know, they participated as our stakeholders. We've also had one-on-one meetings and we will be happy to reach out to EDAWN, as well as the Global Economic Alliance.
- Sandoval: Mm-hmm. Because, I mean, it goes without saying -- I mean this could have -- I'm trying to think of the right adjective, but I'll just use the Lieutenant Governor adjective, profound, huge, whatever, in economic development...
- Rosenberg: Yes.
- Sandoval: ...and impacts with regard to the logistic advantages that Nevada would have moving forward. And then, as I say, depending on these corridors that go throughout the state, that one that you hit Fernley and you either go east through Winnemucca and then up north and then, I guess, up through Idaho. I didn't see the northern border.
- Rosenberg: Right.
- Sandoval: You have the other that comes through Reno and then up through California and into Oregon.
- Rosenberg: Mm-hmm. Absolutely. We'll double check and make sure they're on our stakeholders list, as well as reach out to them on an individual basis for

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those organizations. And I'd be happy to get you a list of the organizations that are currently represented.

Sandoval: Mr. Lieutenant Governor, did you have a comment?

Krolicki: That last point is the -- completely echo and support this. I think our fear is who might not be included in this list and you made a strategic statement that the ADOT folks get updated monthly. I mean we're at a point where we just don't want surprises when you come back. To have a plan and all of a sudden, well, did we think of that? I mean, maybe as part of the Director's report or just something, but I think a frequent and a regular update or supplemental materials that we can just review are important. But I'm just sitting here with questions with the development authorities. You were talking about that eastern part in Southern Nevada and outside of Las Vegas and I didn't hear Department of Defense. I mean I...

Unidentified Male: I'm sure they are.

Rosenberg: Yes.

Krolicki: Just didn't say that. Free trade zones, you know, the railroads, the airports. I mean, I'm assuming all of these folks are in there, but when you talk about multimodal and tying in so many different variables, it could really drive this map in a certain direction that makes it much clearer or that much -- there be a significant correction that would need to be done because of that list input. So that list, yes, would be wonderful.

Rosenberg: Okay. Absolutely.

Krolicki: And it would be important for all of us to make sure that we review it and make comments.

Rosenberg: Yes, and we are making every attempt to include -- you know, we have the same fear that you do that who you leave out might have the biggest impact. So we'll get you that list, you know, probably today or tomorrow, and then if there's any organizations that any of you find are missing, please let us know as soon as possible and we will reach out to them and give them an update and provide any information that they require.

Sandoval: And this is more of a comment, it's not a question, but, you know, we sit here as a Board and we have this in an Agenda Item and perhaps it becomes

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a little bit routine, but this is going to have monumental impacts on the future of Nevada and we know that, but, you know, this due diligence that you're doing right now is incredibly important to the future of the state and future of what we're trying to accomplish with regard to economic development and planning. So I'm really excited about this and...

Rosenberg: I am too.

Sandoval: ...we, as I said, it has to be exhaustive in terms of what you're putting together. Not to suggest that you're not doing that right now, but Lieutenant Governor makes some incredible points in terms of getting these airports, because it is all one big infrastructure that could really complement one another and really catapult the state into so many great opportunities.

Rosenberg: Absolutely. Thank you.

Sandoval: Any other questions on Agenda Item 13? Thank you very much.

Rosenberg: Thank you.

Sandoval: Agenda Item 14, Old Business. Mr. Director.

Malfabon: Thank you, Governor. Under old business we have Report of Outside Counsel Costs on Open Matters and the Monthly Litigation Report, Items A and B, and Dennis Gallagher, our chief counsel from the AGs office, is here to answer any questions on those items. Seeing none.

Moving on to the Fatality Report. I have unfortunate news about a fatality last week that occurred on an NDOT project. Two subcontractor employees were engaged in a concrete rehabilitation project, so it was a subcontractor that does the sawing of the concrete pavement and the sealing. And, unfortunately, a driver entered into the work zone, which was coned off, and hit several employees from this subcontractor, A-Core Concrete, which I believe is out of Salt Lake City, Utah, and one employee, unfortunately, died at the scene and one was CareFlighted to Reno and eventually died, as well. A very unfortunate incident. Two other employees were injured, one more seriously, one less so, but still it was an unfortunate incident and it highlights how dangerous the business that we are in working next to traffic on interstates or state routes, high volumes of traffic in some cases, night work. So it's critical that we continue our efforts to improve traffic safety in

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the state, working with our partners and law enforcement and engineering, emergency medical responders and the education side.

This shows that our fatal's were down compared to last year, five, but the latest report that I received today shows that we are actually one higher than last year. So we have a lot of work ahead of us so that people that drive on our state highways and streets get home safely to their loved ones each day.

We will hopefully see that some of the measures that we're taking in trying to do more flattening of slopes on some of these rural roads where there's long distances and drivers kind of get a little bit fatigued and can run off the road. We're doing a lot of those projects. We're doing a lot more in the urban areas, as well, to improve traffic safety. And also working on our -- the public service announcements are one thing, but also to be a little more proactive and making it personal. And some of the presentations will be made to the Board on how to make it more personal to people and make them think about their driver behavior and influence that behavior so they drive more safely.

And the last item was the listing that Robert Nellis referred to of the contracts that were with Kimley-Horn & Associates and TransCore ITS, LLC. So if there's any questions on those last two items, the Fatality Report or the listing of contracts, we can respond.

Sandoval: My question isn't really at any of those, Mr. Director, but given we've got, I think, our first winter storm coming, are we all ready to go for winter?

Malfabon: Definitely. Our folks in the districts have had their meetings with the maintenance staff to prepare for that. We had that initial storm just a little over a week ago. They performed admirably. They've got their stockpiles in place. They're definitely watching their operating budgets, but they know that they will do whatever it takes to provide public safety on the roads, especially during the operations that involve snow and ice control. And we're doing our best to get the information out to the public so they know which routes to take if there's any kind of snow or ice, especially on the mountain summits when we get these storms passing through.

Sandoval: Thank you. Any questions for the Director with regard to Agenda Item 14. Member Savage.

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Savage: Thank you, Governor. Mr. Director and Mr. Nellis, I want to thank you for providing the figures and the timeline on the Kimley-Horn and the TransCore. Very informative. And with the numbers that I've seen here that Kimley-Horn's timelines of 2012 through 2017, with the total contracts of about \$4,466,000. And they develop software for our central systems, is my understanding, for field devices and cameras and dynamic messaging and ramp meters. And TransCore, for the years 2011 through 2014, was \$17,744,000 and I think it's very helpful to have this information so we can understand that the value of the service that we require and the state of the art technology that's out there be timely and for the right price.

So that leads to one of my questions is the TransCore as far as repairing IT devices and I guess it's my lack of understanding of these people or this contractor does the mechanical repair or the software repair?

Malfabon: They do the -- both. They do the capital improvement projects and the software support, so it can be in both of those areas. Primarily what we've seen is that we need more assistance to repair devices. When we have the Las Vegas area we have the RTC of Southern Nevada through FAST provides that type of service to us and we pay for that, as well as the other member entities down there, the county and the cities. But when we get out of the urban area we typically have to rely either on our own forces, who are not as knowledgeable about how to repair some of these devices, or to hire contractors to do those repairs. So that's an indication of hiring TransCore to do those types of repairs.

One of the things that we did was give District 2 and additional person to do those types of repairs. What we see in District 2, since we don't have that same type of system set up with the RTC in Washoe County, we are implementing these devices, putting out ramp meters or flashing signals for pedestrians, doing various installations of fiber and cameras, and we've noticed that we need more people on maintenance staff to do our own, basically, maintenance of those devices. We do enter into agreements, also, with cities or a county to help us to -- because they usually have staff that maintain traffic signals and it's a similar type of equipment. NDOT doesn't typically maintain traffic signals, so we usually will enter into agreement with a county or a city to maintain them for us.

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So we recognize that we need to have more staff in there to manage contractors that do these types of repairs and we've given an additional position to District 2 to manage their devices that they're installing.

Savage: That's very reassuring. I'm glad that NDOTs being proactive and taking the opportunity to have more people in-house to understand some of these repairs that are necessary. And the last question -- actually, two more questions. Does TransCore have a field office in Northern Nevada or do they just work out of Southern Nevada?

Malfabon: Denise, do you know the answer? Denise Inda from Traffic Operations could answer that.

Inda: Good morning, Denise Inda as Rudy said. TransCore -- for the maintenance agreement TransCore is the responsible party and they have worked to address the needs all over the state. And as Rudy explained, the maintenance needs are different in Northern Nevada than in Southern Nevada. So they actually have subcontractors or employees working in specific areas. I know that in the Elko area they have an office with at least one person, if not a couple of people, who are there in Elko responding to work and requirements in the Elko District 3 type region. So they do actually have personnel in those areas because we have some requirements for response time on that and in order for them to be able to do that they have to have people in those areas. For the ITS systems timely response can be important if a dynamic message sign or other a system that provides regulatory information to the travelling public is down, we need to get that up quickly and so they have staff who can do that.

Savage: So that was a yes, they do have staff in the Reno area...

Inda: Yes.

Savage: ...on a 24/7 basis?

Inda: I'm not going to -- I don't know what their -- yes, they do. They have staff in the Reno area; they have staff in the more rural areas so that they can respond within the time requirements of their contract to work on the different systems.

Savage: And the last question, Ms. Inda, I'd appreciate that, is the other qualified vendors or competitors of TransCore and Kimley-Horn. Are there others

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vendors in the state of Nevada, besides TransCore, that are able to maintain these devices and repair these devices?

Inda: Yes, there are and when we put out these -- we put our RFPs for this type of work. So we put out an RFP and opened it up to any interested party or business and then based on the submittals we select the best firm, so...

Savage: Thank you, Ms. Inda.

Inda: Sure.

Savage: I appreciate it. Thank you very much for the staff to provide those documents. It's very helpful. Thank you, Governor.

Sandoval: Any other questions with regard to Agenda Item 14? Member Fransway.

Fransway: Not really in respect to Item 14, but I do have a request for you as Chairman that I'm concerned about some of the closures of the rest areas in the state and I understand perfectly the fiscal responsibility that needs to be adhered to, but I also feel that the rest areas are very important to the infrastructure for the travelling public and I would, if I could, respectfully ask Rudy to maybe give some sort of a report on the status of those closures statewide. I would be very interested in that.

Sandoval: Do you have any comment right now, Mr. Director?

Malfabon: Not to my knowledge. I know that I hadn't heard of a permanent closure of a rest area. Occasionally we have water quality problems and we test the water in some of the rest areas that have those types of facilities in the restrooms and if water quality is bad sometimes we've had to close rest areas temporarily until we address that issue. But I will look at that specifically and have that as an old business item to report back.

Sandoval: Are you aware of any permanent closures, because I'm sure not.

Malfabon: I'm not aware of any permanent closures. Now, there was one years ago in Southern Nevada and it was on I-15. It was related to a water quality issue and I'm not aware of any recent closures that are permanent.

Sandoval: Okay. I vaguely remember even some legislation that we were allowing...

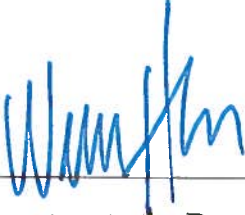
Malfabon: Yes.

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- Sandoval: ...vendors to perform services at the rest areas?
- Malfabon: Yes, and we have that information out on our website trying to get people informed about it and to get them to opt into that program.
- Krolicki: Governor, if I may, it's time -- I just spoke to Mr. Nelson this morning and we've been trying to work on a rest stop meeting. Even today we couldn't do it, but you're right, there was legislation passed and there's cooperation between NDOT and the Nevada Commission on Tourism to enhance these facilities to perhaps give greater and more timely care, and enhance the infrastructure, including wireless, you know, promote all of the wonderful activities that are within easy driving distance of that rest stop. So there are conversations to enhance the rest stop experience, if you will, and I'm happy -- you know, I suspect we'll have these meetings shortly and we just couldn't do it today, but we'll have that and I think that'll be a wonderful part of the Director's Report or I'm happy to share it at some point in time.
- Fransway: Thank you Lieutenant Governor and Governor, I appreciate the interest of the Board. I think it's very important throughout the state.
- Sandoval: Okay. Any other comments? Agenda Item 15, Public Comment. Is there any member of the public here in Carson City that would like to provide comment to the Board? Is there anyone present in Las Vegas that would like to provide comment to the Board?
- Unidentified Female: None down here.
- Sandoval: Is there a motion for adjournment?
- Krolicki: Moved.
- Sandoval: Lieutenant Governor has moved for adjournment. Is there a second?
- Savage: Second.
- Sandoval: Second by Member Savage. All in favor say aye.
- Group: Aye.

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Sandoval: Motion passes. The meeting is adjourned. Thank you, ladies and gentlemen.



Secretary to the Board



Preparer of Minutes